
SUBSTITUTE HOUSE BILL 1699

State of Washington

62nd Legislature

2011 Regular Session

By House Capital Budget (originally sponsored by Representatives Kenney, Smith, and Maxwell; by request of Washington State Department of Commerce)

READ FIRST TIME 02/24/11.

1 AN ACT Relating to housing trust fund administrative costs;
2 amending RCW 43.185.020, 43.185.050, 43.185A.010, and 43.185A.050; and
3 reenacting and amending RCW 43.185.070 and 43.185A.030.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 43.185.020 and 2009 c 565 s 37 are each amended to
6 read as follows:

7 (1) "Contracted amount of state investment in the housing
8 assistance program" or "contracted amount" means the aggregate amount
9 of all state funds for which the department has monitoring and
10 compliance responsibility.

11 (2) "Department" means the department of commerce.

12 (3) "Director" means the director of the department of commerce.

13 **Sec. 2.** RCW 43.185.050 and 2006 c 371 s 236 are each amended to
14 read as follows:

15 (1) The department (~~(shall)~~) must use moneys from the housing trust
16 fund and other legislative appropriations to finance in whole or in
17 part any loans or grant projects that will provide housing for persons
18 and families with special housing needs and with incomes at or below

1 fifty percent of the median family income for the county or standard
2 metropolitan statistical area where the project is located. At least
3 thirty percent of these moneys used in any given funding cycle shall be
4 for the benefit of projects located in rural areas of the state as
5 defined by the department. If the department determines that it has
6 not received an adequate number of suitable applications for rural
7 projects during any given funding cycle, the department may allocate
8 unused moneys for projects in nonrural areas of the state.

9 (2) Activities eligible for assistance from the housing trust fund
10 and other legislative appropriations include, but are not limited to:

11 (a) New construction, rehabilitation, or acquisition of low and
12 very low-income housing units;

13 (b) Rent subsidies;

14 (c) Matching funds for social services directly related to
15 providing housing for special-need tenants in assisted projects;

16 (d) Technical assistance, design and finance services and
17 consultation, and administrative costs for eligible nonprofit community
18 or neighborhood-based organizations;

19 (e) Administrative costs for housing assistance groups or
20 organizations when such grant or loan will substantially increase the
21 recipient's access to housing funds other than those available under
22 this chapter;

23 (f) Shelters and related services for the homeless, including
24 emergency shelters and overnight youth shelters;

25 (g) Mortgage subsidies, including temporary rental and mortgage
26 payment subsidies to prevent homelessness;

27 (h) Mortgage insurance guarantee or payments for eligible projects;

28 (i) Down payment or closing cost assistance for eligible first-time
29 home buyers;

30 (j) Acquisition of housing units for the purpose of preservation as
31 low-income or very low-income housing;

32 (k) Projects making housing more accessible to families with
33 members who have disabilities; and

34 (l) During the 2005-2007 fiscal biennium, a manufactured/mobile
35 home landlord-tenant ombudsman conflict resolution and park
36 registration program.

37 (3) During the 2005-2007 fiscal biennium, revenues generated under

1 RCW 36.22.178 may be used for the development of affordable housing
2 projects and other activities funded in section 108, chapter 371, Laws
3 of 2006.

4 (4) Legislative appropriations from capital bond proceeds may be
5 used only for the costs of projects authorized under subsection (2)(a),
6 (i), and (j) of this section, and not for the administrative costs of
7 the department.

8 (5) Moneys from repayment of loans from appropriations from capital
9 bond proceeds may be used for all activities necessary for the proper
10 functioning of the housing assistance program except for activities
11 authorized under subsection (2)(b) and (c) of this section.

12 (6) Administrative costs associated with application, distribution,
13 and project development activities of the department (~~shall~~) may not
14 exceed (~~five~~) three percent of the annual funds available for the
15 housing assistance program. Reappropriations must not be included in
16 the calculation of the annual funds available for determining the
17 administrative costs.

18 (7) Administrative costs associated with compliance and monitoring
19 activities of the department may not exceed one-quarter of one percent
20 annually of the contracted amount of state investment in the housing
21 assistance program.

22 **Sec. 3.** RCW 43.185.070 and 2005 c 219 s 2 and 2005 c 518 s 1802
23 are each reenacted and amended to read as follows:

24 (1) During each calendar year in which funds from the housing trust
25 fund or other legislative appropriations are available for use by the
26 department for the housing assistance program, the department (~~shall~~)
27 must announce to all known interested parties, and through major media
28 throughout the state, a grant and loan application period of at least
29 ninety days' duration. This announcement (~~shall~~) must be made as
30 often as the director deems appropriate for proper utilization of
31 resources. The department (~~shall~~) must then promptly grant as many
32 applications as will utilize available funds less appropriate
33 administrative costs of the department as provided in RCW 43.185.050.
34 (~~Administrative costs paid out of the housing trust fund may not~~
35 ~~exceed five percent of annual revenues available for distribution to~~
36 ~~housing trust fund projects.)) In awarding funds under this chapter,~~

1 the department (~~shall~~) must provide for a geographic distribution on
2 a statewide basis.

3 (2) The department (~~shall~~) must give first priority to
4 applications for projects and activities which utilize existing
5 privately owned housing stock including privately owned housing stock
6 purchased by nonprofit public development authorities and public
7 housing authorities as created in chapter 35.82 RCW. As used in this
8 subsection, privately owned housing stock includes housing that is
9 acquired by a federal agency through a default on the mortgage by the
10 private owner. Such projects and activities (~~shall~~) must be
11 evaluated under subsection (3) of this section. Second priority
12 (~~shall be~~) is given to activities and projects which utilize existing
13 publicly owned housing stock. All projects and activities (~~shall~~)
14 must be evaluated by some or all of the criteria under subsection (3)
15 of this section, and similar projects and activities shall be evaluated
16 under the same criteria.

17 (3) The department (~~shall~~) must give preference for applications
18 based on some or all of the criteria under this subsection, and similar
19 projects and activities (~~shall~~) must be evaluated under the same
20 criteria:

- 21 (a) The degree of leveraging of other funds that will occur;
- 22 (b) The degree of commitment from programs to provide necessary
23 habilitation and support services for projects focusing on special
24 needs populations;
- 25 (c) Recipient contributions to total project costs, including
26 allied contributions from other sources such as professional, craft and
27 trade services, and lender interest rate subsidies;
- 28 (d) Local government project contributions in the form of
29 infrastructure improvements, and others;
- 30 (e) Projects that encourage ownership, management, and other
31 project-related responsibility opportunities;
- 32 (f) Projects that demonstrate a strong probability of serving the
33 original target group or income level for a period of at least twenty-
34 five years;
- 35 (g) The applicant has the demonstrated ability, stability and
36 resources to implement the project;
- 37 (h) Projects which demonstrate serving the greatest need;

1 (i) Projects that provide housing for persons and families with the
2 lowest incomes;

3 (j) Projects serving special needs populations which are under
4 statutory mandate to develop community housing;

5 (k) Project location and access to employment centers in the region
6 or area;

7 (l) Projects that provide employment and training opportunities for
8 disadvantaged youth under a youthbuild or youthbuild-type program as
9 defined in RCW 50.72.020; and

10 (m) Project location and access to available public transportation
11 services.

12 (4) The department (~~(shall)~~) may only approve applications for
13 projects for (~~(mentally ill persons)~~) individuals with mental illness
14 that are consistent with a regional support network six-year capital
15 and operating plan.

16 **Sec. 4.** RCW 43.185A.010 and 2009 c 565 s 38 are each amended to
17 read as follows:

18 Unless the context clearly requires otherwise, the definitions in
19 this section apply throughout this chapter.

20 (1) "Affordable housing" means residential housing for rental
21 occupancy which, as long as the same is occupied by low-income
22 households, requires payment of monthly housing costs, including
23 utilities other than telephone, of no more than thirty percent of the
24 family's income. The department (~~(shall)~~) must adopt policies for
25 residential homeownership housing, occupied by low-income households,
26 which specify the percentage of family income that may be spent on
27 monthly housing costs, including utilities other than telephone, to
28 qualify as affordable housing.

29 (2) "Contracted amount of state investment in the housing
30 assistance program" or "contracted amount" has the same meaning as
31 provided in RCW 43.185.020.

32 (3) "Department" means the department of commerce.

33 (~~(+3)~~) (4) "Director" means the director of the department of
34 commerce.

35 (~~(+4)~~) (5) "First-time home buyer" means an individual or his or
36 her spouse or domestic partner who have not owned a home during the
37 three-year period prior to purchase of a home.

1 ((+5)) (6) "Low-income household" means a single person, family or
2 unrelated persons living together whose adjusted income is less than
3 eighty percent of the median family income, adjusted for household
4 size, for the county where the project is located.

5 **Sec. 5.** RCW 43.185A.030 and 2005 c 219 s 3 and 2005 c 518 s 1803
6 are each reenacted and amended to read as follows:

7 (1) Using moneys specifically appropriated for such purpose, the
8 department shall finance in whole or in part projects that will provide
9 housing for low-income households.

10 (2) Activities eligible for assistance include, but are not limited
11 to:

12 (a) New construction, rehabilitation, or acquisition of housing for
13 low-income households;

14 (b) Rent subsidies in new construction or rehabilitated multifamily
15 units;

16 (c) Down payment or closing costs assistance for first-time home
17 buyers;

18 (d) Mortgage subsidies for new construction or rehabilitation of
19 eligible multifamily units; and

20 (e) Mortgage insurance guarantee or payments for eligible projects.

21 (3) Legislative appropriations from capital bond proceeds may be
22 used only for the costs of projects authorized under subsection (2)
23 (a), (c), (d), and (e) of this section, and not for the administrative
24 costs of the department.

25 (4) Moneys from repayment of loans from appropriations from capital
26 bond proceeds may be used for all activities necessary for the proper
27 functioning of the affordable housing program except for activities
28 authorized under subsection (2)(b) of this section.

29 (5) Administrative costs associated with application, distribution,
30 and project development activities of the department (~~shall~~) may not
31 exceed (~~five~~) three percent of the annual funds available for the
32 affordable housing program. Reappropriations must not be included in
33 the calculation of the annual funds available for determining the
34 administrative costs.

35 (6) Administrative costs associated with compliance and monitoring
36 activities of the department may not exceed one-quarter of one percent

1 annually of the contracted amount of state investment in the affordable
2 housing program.

3 **Sec. 6.** RCW 43.185A.050 and 1991 c 356 s 14 are each amended to
4 read as follows:

5 (1) During each calendar year in which funds are available for use
6 by the department for the affordable housing program, the department
7 (~~shall~~) must announce to all known interested parties, and through
8 major media throughout the state, a grant and loan application period
9 of at least ninety days' duration. This announcement (~~shall~~) must be
10 made as often as the director deems appropriate for proper utilization
11 of resources. The department (~~shall~~) must then promptly grant as
12 many applications as will utilize available funds less appropriate
13 administrative costs of the department (~~(, not to exceed five percent of~~
14 ~~moneys appropriated to the affordable housing program)) as provided in~~
15 RCW 43.185A.030.

16 (2) The department (~~shall~~) must develop, with advice and input
17 from the (~~low income assistance advisory committee established in RCW~~
18 ~~43.185.110)) affordable housing advisory board, criteria to evaluate
19 applications for assistance under this chapter.~~

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